

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

THE NOTICE OF PURCHASED)
GAS ADJUSTMENT FILING OF) CASE NO. 6741-E
CAPITOL OIL AND GAS COMPANY)

O R D E R

On February 21, 1978, the Commission issued its Order in Case No. 6741 approving certain adjustments in rates and providing under certain conditions for the further adjustment of such rates when the wholesale cost of gas is increased or decreased or a refund is received.

On July 14, 1983, Capitol Oil and Gas Company ("Capitol") notified the Commission that its wholesale cost of gas would be increased by two of its suppliers and submitted with its notice certain information in compliance with its purchased gas adjustment clause on file with this Commission.

After reviewing the initial filing, the Commission decided that an investigation would be necessary in order to determine the reasonableness of the wholesale rates and that such investigation could not be completed prior to the expiration of the required 20-day notice period. On August 1, 1983, the Commission Ordered that the purchased gas adjustment be suspended for a period of 5 months on and after August 1, 1983, and directed Capitol to supply certain

information concerning its wholesale rates. Capitol responded by filing verification of its wholesale prices on October 24, 1983.

After reviewing the record in this case and being advised, the Commission is of the opinion and finds that:

(1) Effective April 1, 1983, Capitol's wholesale cost of gas was increased by its supplier, Panbowl Production Company, Inc., in the amount of \$0.18 per Mcf.

(2) Capitol's wholesale cost of gas from its supplier, Capitol Producing, was increased \$0.10 per Mcf effective April 1, 1983.

(3) Capitol's notice of July 14, 1983, set out certain revisions in rates which Capitol proposed to place into effect, said rates being designed to pass on the overall wholesale increase in price in the amount of \$44,504.

(4) Capitol's adjustment in rates under the purchased gas adjustment provisions approved by the Commission in its Order in Case No. 6741 dated February 21, 1978, is fair, just and reasonable and in the public interest and should be effective with gas supplied on and after the date of this Order.

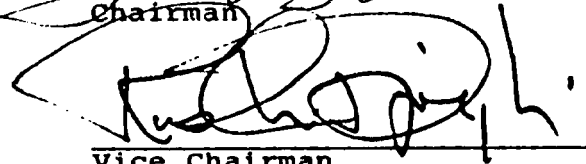
IT IS THEREFORE ORDERED that the rates in the Appendix to this Order be and they hereby are authorized effective with gas supplied on and after the date of this Order.

IT IS FURTHER ORDERED that within 30 days of the date of this Order Capitol shall file with this Commission its revised tariffs setting out the rates authorized herein.

Done at Frankfort, Kentucky, this 2nd day of November, 1983.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Secretary

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 6741-E DATED NOVEMBER 2, 1983

The following rates and charges are prescribed for the customers served by Capitol Oil and Gas Company. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of this Commission prior to the date of this Order.

RATES: Monthly

First 2 MCF	\$4.20 per MCF
Over 2 MCF	4.20 per MCF

The minimum monthly charge is \$5.00 which entitles the customer to less than 2 MCF of gas.

The base rates for the future application of the purchased gas adjustment clause of Capitol Oil and Gas Company shall be:

	<u>Demand</u>	<u>Commodity</u>
Holly Creek Production Corporation	--	\$ 0.45 per MCF
Panbowl Production Company	—	3.48 per MCF
Capitol Producing	—	3.10 per MCF